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Economic and Social Council

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E/C.10/1992/L.1
23 January 1992

ORIGINAL: ENGLISH

COMMISSION ON TRANSNATIONAL
CORPORATIONS
Eighteenth session
23-24 January and 8-15 April 1992
Agenda item 3

RECOMMENDATIONS OF THE COMMISSION ON TRANSNATIONAL CORPORATIONS TO THE PREPARATORY COMMITTEE FOR THE UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT

Pakistan:* draft resolution

Transnational corporations and the environment

The Commission on Transnational Corporations,

Recalling Economic and Social Council resolution 1991/55 of 26 July 1991,

Taking note with appreciation of the report of the Secretary-General concerning transnational corporations and sustainable development, 1/

Requests that the recommendations of the Executive Director contained in the report of the Secretary-General be transmitted in their entirety to the Secretary-General of the United Nations Conference on Environment and Development for detailed consideration and negotiation by the Preparatory Committee for the Conference, at its fourth session, under Agenda 21.

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* On behalf of the States Members of the United Nations that are members of the Group of 77.

1/ E/C.10/1992/2.

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RECOMMENDATIONS OF THE COMMISSION ON TRANSNATIONAL CORPORATIONS TO THE PREPARATORY COMMITTEE FOR THE UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT

Portugal*: draft resolution

Business and environment

The Commission on Transnational Corporations,

Noting that, following the adoption of Economic and Social Council resolution 1991/55 of 26 July 1991, the Preparatory Committee of the United Nations Conference on Environment and Development requested that development considerations, including those relating to large industrial enterprises and business plans and the environment, be integrated in all Agenda 21 programme documents,

1. Welcomes the conclusions and recommendations of the Conference on Ecologically Sustainable Industrial Development which was organized by the United Nations Industrial Development Organization and held at Copenhagen from 14 to 18 October 1991;

2. Takes note with interest of the report of the Secretary-General concerning transnational corporations and sustainable development; 1/

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* On behalf of the States Members of the United Nations that are members of the European Economic Community.

1/ E/C.10/1992/2.

3. Recognizes the need to facilitate the creation and operation of sustainably managed businesses, through the adoption of appropriate market-based policies, and stresses the importance of effective environmental management by all businesses, including transnational corporations;

4. Invites the Preparatory Committee of the United Nations Conference on Environment and Development, at its fourth session, to take account in its preparations for the Conference the role of business in promoting sustainable development and, in particular, the need for business to work towards:

(a) Developing appropriate corporate policies further to promote a shift towards sustainable development;

(b) Establishing or strengthening corporate and environmental management systems, including environmental compliance auditing, and organizational structures to monitor the adjustment to sustainably managed corporations;

(c) Conducting environmental practices on a consistently high basis in all global operations and integrating, where appropriate, those practices with the sustainable development needs of host countries;

(d) Reducing emissions and waste at the source through input and process changes rather than relying on end-of-pipe treatment by using cleaner industrial production processes and improving energy efficiency;

(e) Assuming a cradle-to-grave assessment approach to industrial products and projects;

(f) Promoting research and development activities relating to cleaner production technologies, giving priority to technologies that offer potential for improved efficiency and reduced pollution and the provision of training facilities for developing countries for this purpose;

(g) Contributing to the transfer of environmentally sound technology and management methods through the industrial and public sectors;

(h) Considering, where feasible, the use of environmentally sound substitute materials, renewable sources of energy and raw materials and recycling;

(i) Minimizing the use and export of highly hazardous processes, products, wastes and services by enterprises and, where appropriate, developing and maintaining emergency preparedness plans;

(j) Develcping and redesigning products and services, taking account of the shift towards a sustainable lifestyle;

(k) Providing information on the possible environmental effects of products;

(l) Fully complying with national and regional environmental laws, intergovernmental environmental guidelines and instruments and industry trade association standards and cooperating with Governments and relevant international organizations in their further development;

(m) Including environmental considerations in corporate accounting and reporting to help relate the environmental activities of enterprises to their financial position and performance;

(n) Incorporating environmental costs into the production of goods and services to send the right signals to producers and consumers;

5. Recommends that Member States develop their dialogue with business on environmental issues so as to promote positive contributions by business towards the solution of environmental problems;

6. Also recommends that Member States seek to establish a stable and transparent legal framework for environmental standards, thus enabling businesses to conform more efficiently to those standards and to plan ahead.

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COMMISSION ON TRANSNATIONAL CORPORATIONS
Eighteenth session
23-24 January and 8-15 April 1992
Agenda item 4

ADOPTION OF THE REPORT OF THE COMMISSION ON THE FIRST PART OF ITS EIGHTEENTH SESSION

Rapporteur: Mr. Wojciech PONIKIEWSKI (Poland)

Draft report

Chapter __

ORGANIZATION OF THE SESSION

A. Opening and duration of the session

1. The Commission on Transnational Corporations held the first part of its eighteenth session at United Nations Headquarters on 23 and 24 January 1992. The Commission held __ meetings (1st to __).

2. The session was opened by the Vice-Chairman of the seventeenth session, Mr. Jose Lino B. Guerrero (Philippines).

B. Attendance

3. The following States members of the Commission attended the session:

4. The following States Members of the United Nations were represented as observers:

5. The following specialized agencies were represented:

6. The following non-governmental organizations in consultative status with the Economic and Social Council, category I, were represented:

C. Election of officers

7. At its 1st and ___ meetings, on 23 and __ January 1992, the Commission elected the following officers by acclamation:

Chairman: Mr. Farook Sobhan (Bangladesh)

Vice-Chairmen:

Rapporteur: Mr. Wojciech Ponikiewski (Poland)

D. Adoption of the agenda and organization of work

8. At its 1st meeting, on 23 January, following a discussion in the Commission, the Chairman proposed that item 3 entitled "Transnational corporations and the environment" be amended to read "Recommendations of the Commission on Transnational Corporations to the Preparatory Committee for the United Nations Conference on Environment and Development".

9. At the same meeting, the Commission adopted the provisional agenda contained in document E/C.10/1992/1, as amended (see annex I).

10. The representative of Tunisia stated that it was his understanding that item 3 would stand for the second part of the eighteenth session as contained in document E/C.10/1992/1.

E. Documentation

11. The documents before the Commission at the first part of its eighteenth session are listed in annex II.

Annex I

AGENDA OF THE SEVENTEENTH SESSION

1. Election of officers.

2. Adoption of the agenda and organization of work.

3. Recommendations of the Commission on Transnational Corporations to the Preparatory Committee for the United Nations Conference on Environment and Development.

4. Adoption of the report of the Commission on the first part of its eighteenth session.

Annex II

DOCUMENTS BEFORE THE COMMISSION AT ITS SEVENTEENTH SESSION

Document symbol	Agenda item	Title or description
E/C.10/1992/1	2	Provisional agenda
E/C.10/1992/2	3	Report of the Secretary-General on transnational corporations and sustainable development: recommendations of the Executive Director
E/C.10/1992/L.1	3	Pakistan, on behalf of the States Members of the United Nations that are members of the Group of 77: draft resolution
E/C.10/1992/L.2	3	Portugal, on behalf of the States Members of the United Nations that are members of the European Economic Community: draft resolution
E/C.10/1992/L.3		Draft report

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ADOPTION OF THE REPORT OF THE COMMISSION ON THE FIRST PART OF ITS EIGHTEENTH SESSION

Rapporteur: Mr. Wojciech PONIKIEWSKI (Poland)

Draft report

Addendum

Chapter

RECOMMENDATIONS OF THE COMMISSION ON TRANSNATIONAL CORPORATIONS TO THE PREPARATORY COMMITTEE FOR THE UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT

1. The Commission considered agenda item 3 at its 1st and 2nd meetings on 23 and 24 January 1992. It had before it the report of the Secretary-General entitled "Transnational corporations and sustainable development: recommendations of the Executive Director" (E/C.10/1992/2).

2. In introducing the item, the Chairman of the Commission noted that to help set the agenda for environment and development into the next century was the opportunity of a lifetime for the Commission.

3. The Executive Director of the United Nations Centre on Transnational Corporations recalled Economic and Social Council resolution 1991/55, in which the Council requested him to prepare, after extensive consultations with all the relevant parties, action-oriented and practicable recommendations on cooperation for protection and enhancement of the environment in all countries. Those recommendations would form the basis of the contribution of

the Commission on Transnational Corporations to preparations for the United Nations Conference on Environment and Development (UNCED) to be held in Brazil in June 1992.

4. The Executive Director noted that international business and Governments should know what was expected of one another. It was not a choice between command and control mechanisms and market forces but - as the real world required - a mixture of the two. The recommendations indicated the expectations for international business, Governments and international organizations. Industry had made great strides in recent years in terms of self regulation; however, no Government member of the Commission had undertaken an effective environment policy without an environmental protection law. It was in that context that market-based incentives would be effective. In the benchmark survey, transnational corporations had reported that the main impetus for a global corporate environment policy was law in their home countries and that international corporations wanted the international community to establish clear guidelines and standards. The Centre had conducted an open process of consultation with international business organizations such as the International Chamber of Commerce and the Business Council on Sustainable Development, transnational corporations, non-governmental organizations such as church groups, academics and other experts. Governments had assisted by providing expert advisors. More than 250 written responses had been received. The entire process was possible owing to, among other things, support from the Governments of Norway and the Netherlands. In following the design that the Preparatory Committee had laid out for Agenda 21, the recommendations formed a comprehensive work plan for the future. Like a medium-term plan, they included objectives, goals, outputs and schedules. In preparing the recommendations, the Centre had consolidated, in one statement, principles on transnational corporations and environmental protection from other forums such as the International Labour Organisation and the Organisation for Economic Cooperation and Development. It expressed general principles which had been articulated by international business through industrial associations but had not yet been adopted by intergovernmental bodies. It built upon the policies and practices of current leading environmentally sound management.

5. Many delegations expressed their satisfaction with the Centre's well researched and well documented work, undertaken in the preparation of the recommendations. Some delegations felt that the recommendations should have been less specific. Many delegations felt that the important issues relating to the environment and business practices should be reflected in the reports of the Preparatory Committee at its fourth session and of the Conference. There was general support for the notion that the Centre's work in the area should be geared to large enterprises, including transnational corporations, business practices and the environment.

6. One delegation, speaking on behalf of a regional group, said that the countries of the region were particularly satisfied with the detail and breadth of the recommendations. He noted that the document would rectify the lack of references to business practices and the environment in the current

draft of Agenda 21. Since there was not enough time during the session to discuss the report in detail, the regional group wished the report to be sent in its entirety to the fourth session of the Preparatory Committee in order for it to be fully discussed in that arena.

7. One delegation, speaking on behalf of another regional group, stressed the need to address all business enterprises rather than focus on transnational corporations, and noted that large business enterprises, especially transnational corporations were already making a contribution to environmental protection. Other delegations agreed with that idea. In general, the recommendations appeared too regulatory. The regional group was of the opinion that the Preparatory Committee should also take into account other relevant work on business practices and the environment such as the Business Charter for Sustainable Development and the Report of the Conference on Ecologically Sustainable Industrial Development presented by the Director-General of UNIDO in Vienna in November 1991.

8. Some delegations were particularly concerned that the recommendations were too regulatory in nature and did not give enough attention to market mechanisms. A few delegations indicated that the recommendations gave rise to fundamental objections and were not acceptable to their Governments. Moreover, one delegation felt that transnational corporations and home countries could not be responsible for lack of regulation in host countries.

9. Other delegations stressed the usefulness of the report in preparing Agenda 21, since little attention had been given thus far to the issues addressed by the recommendations. Those delegations trusted that the report in its entirety would be forwarded to the Preparatory Committee. Many of the recommendations could usefully be considered by the Committee when it dealt with the issues of transfer of environmentally sound technologies. Other recommendations could either be fitted in or merged to form their own section. Those delegations appreciated the attention given to targets and costs.

10. Another delegation noted that the recommendations rightly recognized the effective contributions that corporations had already made and recommended that some independent medium might be created to deal with business and sustainable development. Finally, one delegation noted that the recommendations, in addition to contributing to Agenda 21, would be of great value at the national level to strengthen the dialogue between Government and business circles on environmental protection and enhancement.